

Message Text

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USADB

FOR NAC AGENCIES

EO 11652:N/A
TAGS: EAID, EFIN, ADB
SUBJECT: REACTIVATION OF SAIGON POWER PROJECT

SUMMARY: ADB MANAGEMENT IS PROPOSING TO REACTIVATE A 1972
6.3 MILLION DOLLARS SPECIAL FUND LOAN TO VIETNAM FOR
POWER TRANSMISSION AND DISTRIBUTION SYSTEM FOR THE SAIGON
METROPOLITAN AREA. THE PROJECT AS REVISED IS CONSIDERED
BY THE GOVERNMENT AS AN INTEGRAL PART OF THE NEW ECONOMIC
POLICY FOR DEVELOPING HO CHI MINH CITY (SAIGON). THE
EXTENDED TRANSMISSION AND DISTRIBUTION SYSTEM WILL:
(I) PROVIDE ADDITIONAL CAPACITY FOR BIEN HOA INDUSTRIAL
AREAS; (II) PROVIDE NEW CONNECTIONS TO SERVICE THE
IRRIGATION PUMPING STATIONS AND SMALL AND MEDIUM
INDUSTRIES AS WELL AS RESETTLEMENT AREAS IN THE NEW
ECONOMIC ZONES; (III) RELIEVE OVERLOADING OF LONG 15 KV
LINES THUS REDUCING SYSTEM LOSSES; AND (IV) PROVIDE
RELIABLE LOW-COST POWER TO VARIOUS AGRO-INDUSTRIAL UNITS
WHICH WILL SHIFT FROM THEIR OWN SMALL INDEPENDENT
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GENERATING UNITS TO THE SOUTHERN POWER CORPORATION. BANK
MAINTAIN'S PROJECT IS ECONOMICALLY VIABLE BECAUSE BENEFITS
HAVE IMPROVED SINCE FIRST APPRAISAL WHILE COSTS HAVE
REMAINED CONSTANT. USADB REQUESTS NAC GUIDANCE.

1. ADB DOCUMENT R46-78 POUCHED TO ADDRESSEES ON JUNE 6,
1978. BOARD CONSIDERATION SCHEDULED JUNE 29.

2. ON 24 NOVEMBER 1972, THE BOARD APPROVED A LOAN OF 6.3 MILLION DOLLARS EQUIVALENT IN VARIOUS CURRENCIES FROM THE BANK'S SPECIAL FUNDS RESOURCES TO THE REPUBLIC OF VIET NAM FOR THE SAIGON POWER PROJECT (LOAN NO. 108-VIE 'SF'). THE LOAN CARRIED AN INTEREST RATE OF 2-1/2 PERCENT PER ANNUM AND WAS TO BE REPAID OVER A PERIOD OF 25 YEARS INCLUDING A GRACE PERIOD OF 7 YEARS. THE REACTIVATED LOAN WILL CARRY THE SAME TERMS. THE PROJECT WAS AN INTEGRAL PART OF THE POWER TRANSMISSION AND DISTRIBUTION SYSTEM FOR THE SAIGON METROPOLITAN AREA PLANNED BY THE VIET NAM POWER COMPANY (VPC), THE EXECUTING AGENCY FOR THE PROJECT. THE LOAN WAS FOR PROVISION OF 66 KV TRANSMISSION AND 15 KV DISTRIBUTION LINES, ASSOCIATED EQUIPMENT FOR TWO SUBSTATIONS AS WELL AS FOR THE SERVICES OF CONSULTANTS.

3. ON 26 APRIL, 1975, THE PRESIDENT OF THE ADB, ACTING UNDER SECTION 5.02(D) OF THE SPECIAL OPERATIONS LOAN REGULATIONS DATED 6 MAY 1969 IN CONSULTATION WITH OFFICIALS OF THE REPUBLIC OF VIET NAM, SUSPENDED THE RIGHT OF THE BORROWER TO MAKE WITHDRAWALS FROM THE LOAN ACCOUNTS IN RESPECT OF ALL BANK LOANS TO THE REPUBLIC OF VIET NAM INCLUDING THE LOAN FOR THE PROJECT. AT THE TIME OF SUSPENSION, THE PROJECT WAS AT AN ADVANCED STAGE OF IMPLEMENTATION. THE CONSULTANTS, SANDERSON AND PORTER, INC., OF U.S.A., HAD COMPLETED WORKS RELATING TO DESIGN, LIMITED OFFICIAL USE

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TENDER DOCUMENT PREPARATION AND BID EVALUATION AND PROCUREMENT CONTRACTS HAD BEEN AWARDED TO 13 SUPPLIERS BY VPC IN THE AGGREGATE AMOUNT OF 5.280 MILLION DOLLARS. THE CONSULTANTS HAD BEEN CONTRACTED AT A FEE OF 0.292 MILLION DOLLARS. THE VALUE OF THE GOODS RECEIVED BY VPC AMOUNTED TO 1.621 MILLION DOLLARS; CARGOES PAID FOR AND VALUED AT 0.540 MILLION DOLLARS EQUIVALENT WERE OFFLOADED IN SINGAPORE AND HONG KONG AND GOODS AMOUNTING TO 3.080 MILLION DOLLARS WERE IN DIFFERENT STAGES OF MANUFACTURE, SHIPMENT OR STORAGE AT THE SUPPLIERS' COUNTRY. DISBURSEMENTS BY THE BANK FOR THE PROJECT AMOUNTED TO 2.340 MILLION DOLLARS EQUIVALENT. CONSTRUCTION OF CERTAIN PROJECT COMPONENTS HAD ALREADY STARTED.

4. AFTER THE UNIFICATION OF VIET NAM IN JULY 1976, THE GOVERNMENT OF THE SOCIALIST REPUBLIC OF VIET NAM (SRVN) BECAME A MEMBER OF THE BANK AND REQUESTED THE BANK TO RESUME OPERATIONS AND IMPLEMENTATION OF THE SUSPENDED PROJECTS. A BANK MISSION VISITED VIET NAM IN JANUARY 1977 TO REVIEW THE CURRENT STATUS OF ALL THE PROJECTS AS WELL AS TO UPDATE THE BANK'S INFORMATION ON THE ECONOMIC AND ADMINISTRATIVE SITUATION IN UNIFIED VIET NAM.

SUBSEQUENTLY, THE BANK HAD DISCUSSIONS WITH THE REPRESENTATIVES OF THE GOVERNMENT AND IT WAS MUTUALLY AGREED THAT IMPLEMENTATION OF PROJECTS WOULD BE PRECEDED BY INDIVIDUAL REVIEW OF PROJECTS WHICH WOULD, INTER ALIA, STUDY THE STATUS OF EACH PROJECT AND REACH UNDERSTANDINGS WITH THE GOVERNMENT ON ANY CHANGES IN THE PROJECT ARRANGEMENTS INCLUDING NECESSARY MODIFICATIONS TO LOAN DOCUMENTS.

5. THE PRESENT POPULATION IN HO CHI MINH CITY IS ESTIMATED AT AROUND 3.6 MILLION. THE TOTAL AREA IS ABOUT 1,300 SQ. KM. OF WHICH 910 SQ. KM. IS DESIGNATED AS CULTIVABLE AND CONSTITUTES THE GREEN BELT OF THE CITY PROVIDING RICE,

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VEGETABLES, FRUITS, ANIMAL PROTEIN TO THE POPULATION OF THE CITY. OUT OF THIS, ABOUT 650 SQ. KM. IS PRESENTLY UNDER CULTIVATION WITH ONE CROP A YEAR. THE PEOPLE'S ADMINISTRATION OF HO CHI MINH CITY HAS DRAWN UP A PLAN FOR THE CITY WITH THE PRIMARY OBJECTIVE OF "TRANSFORMING THE CITY FROM A CONSUMER-ORIENTED SOCIETY TO ONE EMPHASIZING FOOD PRODUCTION AND SELF-SUFFICIENCY". FOR THIS, HIGH PRIORITY IS GIVEN TO PUMPED IRRIGATION AND ELECTRICITY DISTRIBUTION.

6. THE PROJECT INVOLVED EXTENSION AND ADDITION TO THE EXISTING TRANSMISSION AND DISTRIBUTION SYSTEM IN SAIGON AND FORMED PART OF THE VPC'S TRANSMISSION AND DISTRIBUTION

IMPROVEMENT PROGRAM WHICH WAS PLANNED TO INCREASE THE CAPACITY OF THE SYSTEM DELIVERY IN THREE STAGES: FROM 200 MW TO 265 MW, TO 350 MW AND TO 450 MW, RESPECTIVELY. THE PROJECT FORMED THE SECOND OF THREE STAGES AND WAS TO HAVE CONNECTED ABOUT 200,000 NEW CUSTOMERS, TO HAVE INCREASED OPERATING RELIABILITY AND TO HAVE REDUCED SYSTEM LOSSES. LIMITED OFFICIAL USE

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THE PROVISION OF DEPENDABLE POWER TO EXISTING AND NEW INDUSTRIES WAS TO HAVE LED TO INCREASED PRODUCTION AND EMPLOYMENT.

7. PURSUANT TO THE GOVERNMENT'S PROGRAM OF "DECONGESTING" THE CITY'S CENTRAL AREA AND ESTABLISHMENT OF NEW ECONOMIC ZONES, CERTAIN CHANGES IN THE ORIGINAL SCOPE OF THE PROJECT HAVE BECOME NECESSARY. IN ORDER TO SUPPLY ELECTRICITY BOTH TO THE INDUSTRIAL DISTRICT OF BIEN HOA AND TO THE NORTHEASTERN METROPOLITAN AREAS OF PHU HOA DONG AND TAN MY WHERE NEW ECONOMIC ZONES HAVE BEEN ESTABLISHED, CHANGES IN 66 KV TRANSMISSION AND 15 KV DISTRIBUTION LINES AS WELL AS THE LOCATION OF SUBSTATIONS HAVE BEEN PROPOSED. THE FOLLOWING TABLE SHOWS THE REVISED SCOPE OF THE PROJECT AGAINST THE ORIGINAL:

- SCOPE OF THE PROJECT

- ORIGINAL SCOPE REVISED SCOPE

1) 23 KM OF 66 KV LINE;	1) 67 KM OF 66 KV LINE;
2) TWO NEW SUBSTATIONS -	2) TWO NEW SUBSTATIONS -
66/15 KV WITH TRANSFOR-	66/15 KV (PHU HOA DONG
MERS (3 X 33 MVA) IN	AND TAN MY) WITH TRANS-
CITY CENTER;	FORMERS (2 X 20 MVA) AND
- ONE ADDITIONAL TRANSFOR-	
- MER (20 MVA) IN DONG NAI	
- SUBSTATION NEAR BIEN HOA;	
3) 124 KM OF 15 KV LINE;	3) 178 KM OF 15 KV LINE;
4) 360 KM OF LOW VOLTAGE AND	4) 360 KM OF LOW VOLTAGE
DISTRIBUTION EQUIPMENT	LINE AND DISTRIBUTIONAL
- EQUIPMENT;	
5) CONSULTING SERVICES	5) NONE ADDITIONAL.

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8. THE REVISED COST OF THE PROJECT IS ESTIMATED AT 9.5 MILLION DOLLARS AS AGAINST THE ORIGINAL COST ESTIMATE OF

9 MILLION DOLLARS. THE ESTIMATE OF FOREIGN EXCHANGE COST REMAINS, HOWEVER, THE SAME AS THE ORIGINAL LOAN AMOUNT OF 6.3 MILLION DOLLARS. COST ESTIMATES OF 66 KV TRANSMISSION, 15 KV DISTRIBUTION LINES AND THE SUBSTATION HAVE BEEN INCREASED TAKING INTO ACCOUNT BOTH EXPECTED COST ESCALATION IN THE 66/15 KV TRANSFORMERS AND ALSO REDUCTION IN CAPACITY FROM 33 MVA TO 20 MVA. THE COST ESTIMATE OF LOW VOLTAGE LINES REMAINS THE SAME AS MORE LOCAL EQUIPMENT AND MATERIALS WILL NOW BE USED.

9. DESPITE CHANGES IN THE PROJECT SCOPE, IT HAS BEEN POSSIBLE TO KEEP THE FOREIGN EXCHANGE COST AT THE ORIGINAL FIGURE OF 6.3 MILLION DOLLARS PRIMARILY BECAUSE OF THE ALLOCATION OF CONTINGENCIES AND REALLOCATION OF THE BALANCE OF THE CONSULTANTS SERVICES. ITEMS SUCH AS WOODEN POLES, ORIGINALLY ALLOCATED FOR PROCUREMENT FROM ABROAD, WILL NOW BE SUBSTITUTED WITH LOCALLY MADE CONCRETE POLES. THE LOCAL COST HAS INCREASED ONLY SLIGHTLY. THE REASONS FOR THIS LOW INCREASE ARE: (I) THE COST OF ACQUISITION OF RIGHT-OF-WAY AND LABOR ARE VERY MUCH LOWER THAN ORIGINALLY ESTIMATED; AND (II) LOCAL CONTRACTORS ARE NO LONGER TO BE EMPLOYED AS SPC WILL CONSTRUCT THE PROJECT DEPARTMENTALLY. IT IS ASSUMED THAT ALL THE PROCUREMENT CONTRACTS WILL BE AWARDED BY SPC BEFORE THE END OF 1978. FURTHERMORE, IN REVISING THE COST ESTIMATES ACCOUNT HAS BEEN TAKEN OF THE FACTS THAT ABOUT 43 PERCENT OF THE TOTAL GOODS AND SERVICES ORDERED HAVE BEEN PAID FOR, THAT ONE-THIRD BY VALUE OF THE GOODS AND SERVICES ORDERED HAS BEEN RECEIVED BY SPC AND THAT SUPPLIERS, FOR ABOUT 600,000 DOLLARS WORTH OF GOODS, NOW STORED IN SUPPLIERS' COUNTRIES, ARE READY TO SHIP THESE GOODS AT THE ORIGINALLY CONTRACTED PRICE BUT WITH SOME STORAGE AND OTHER CHARGES WHICH marginally INCREASED THE COST.

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10. PROCUREMENT AND DISBURSEMENTS UNDER THE PROJECT HAVE ALREADY PARTIALLY TAKEN PLACE AND THE SITUATION AS AT THE

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END OF JUNE 1977 IS GIVEN IN THE FOLLOWING TABLE:

- SUMMARY OF PROCUREMENT AND DISBURSEMENTS STATUS OF
- BANK LOAN

	AMOUNT
ITEM	DOLLARS
1. SERVICES AND GOODS RECEIVED AND PAID	1,800,070.25
- FOR BY SPC/BANK	
2. GOODS PAID FOR AND NOT RECEIVED BY SPC	540,187.53

- SUB-TOTAL (AMOUNT DISBURSED) 2,340,257.78

3. GOODS ORDERED AND NOT PAID AND NOT	
- DELIVERED (INCLUDING BALANCE OF	
- CONSULTING CONTRACTS)	3,160,392.46
4. BALANCE	799,349.76

- SUB-TOTAL (AMOUNT AVAILABLE) 3,959,742.22

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- TOTAL LOAN 6,300,000.00

11. THE GOVERNMENT AND SPC SENT ENQUIRIES TO THE SUPPLIERS OF GOODS PREVIOUSLY CONTRACTED BUT YET TO BE DELIVERED AS TO WHETHER THEY WOULD BE WILLING TO SUPPLY THE CONTRACTED EQUIPMENTS AND MATERIALS TO SOUTHERN POWER COMPANY (SPC). WHILE MOST OF THE JAPANESE SUPPLIERS HAVE SHOWN WILLINGNESS TO SUPPLY THE GOODS (TOTAL AMOUNT, 620,518.70 DOLLARS) WHICH ARE BEING STORED IN JAPAN UNDER EXISTING CONTRACTS AT THE SAME PRICE OR AT A SLIGHTLY

EXTRA COST (DUE TO STORAGE COSTS), MOST OF THE U.S. SUPPLIERS (CONTRACTED AMOUNT, 1,791,854.76 DOLLARS) HAVE INDICATED THEY ARE UNABLE TO SUPPLY GOODS TO VIET NAM. THE GOVERNMENT WOULD THEREFORE WISH TO NEGOTIATE WITH THE JAPANESE SUPPLIERS FOR RESUMING DELIVERIES AND WOULD RE-TENDER IN ACCORDANCE WITH BANK GUIDELINES ON PROCUREMENT THE GOODS ORIGINALLY ORDERED FROM U.S. ALONG WITH THE NEW LIST OF GOODS FOR THE EXTENDED 66 KV AND 15 KV LINES AND SUBSTATION EQUIPMENTS, TO THE EXTENT THAT THE ORIGINAL SUPPLIERS ARE UNABLE TO FULFILL THE CONTRACTUAL OBLIGATIONS.

12. THE MISSION WAS PARTLY ABLE TO ASCERTAIN THE STATUS OF THE GOODS UNLOADED IN SINGAPORE AND HONG KONG. IT WAS REPORTED THAT GOODS VALUED AT ABOUT 490,000 DOLLARS WERE UNLOADED IN SINGAPORE AND 16,000 DOLLARS POSSIBLY IN HONG KONG AND ANOTHER SHIPMENT VALUED AT ABOUT 92,000 DOLLARS WAS UNTRACEABLE. THESE SHIPMENTS WERE UNLOADED AT SINGAPORE AND HONG KONG IN APRIL 1975 DUE TO THE THEN UNCERTAIN CONDITIONS OF SOUTH VIET NAM. THE MISSION VISITED SINGAPORE AND FOUND THAT OF THE GOODS REPORTED UNLOADED, TWO CARGOES VALUED AT ABOUT 116,000 DOLLARS WERE LIMITED OFFICIAL USE

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STORED IN SINGAPORE; ALL OTHER GOODS WERE EITHER SOLD OR UNTRACEABLE. GOODS STORED IN SINGAPORE HAD MOSTLY COME FROM U.S. SUPPLIERS.

13. THE PREVIOUS EXECUTING AGENCY FOR THE PROJECT WAS THE VIET NAM POWER COMPANY (VPC), A STATE-OWNED COMPANY CREATED IN 1970 BY THE MERGER OF UTILITIES RESPONSIBLE FOR ELECTRIC POWER PRODUCTION AND DISTRIBUTION IN THE FORMER SAIGON METROPOLITAN AREA AND 34 PROVINCIAL CAPITALS OF THE FORMER REPUBLIC OF VIET NAM. THE TOTAL POPULATION OF THE AREAS SERVED BY VPC WAS ABOUT 5.3 MILLION AND THE NUMBER OF CUSTOMERS WAS 240,270 AS OF DECEMBER 1971. SALES OF ELECTRICITY FOR THE YEAR 1971 WERE 960 GWH, 90 PERCENT OF WHICH WAS SOLD IN THE SAIGON METROPOLITAN AREA. VPC HAD A REGISTERED SHARE CAPITAL, THE SHARES OF WHICH WERE HELD ON BEHALF OF THE GOVERNMENT BY VARIOUS GOVERNMENT DEPARTMENTS AND AGENCIES, THE MINISTRY OF PUBLIC WORKS HOLDING THE MAJORITY OF SHARES.

14. FOLLOWING THE UNIFICATION OF VIET NAM, THREE ELECTRIC COMPANIES WERE ESTABLISHED UNDER THE CONTROL OF THE MINISTRY OF POWER AND COAL, TO SERVICE THE ENTIRE COUNTRY. THE SPC HAS AN AREA OF RESPONSIBILITY WHICH IS APPROXIMATELY HALF THAT OF THE FORMER VPC. THE FUNCTIONS OF VPC AS THE MAJOR AUTHORITY RESPONSIBLE FOR ELECTRICITY GENERATION, TRANSMISSION AND DISTRIBUTION IN THE SOUTH OF

VIET NAM HAVE BEEN ASSUMED BY SPC, WHICH IS A GOVERNMENT CORPORATION ESTABLISHED BY MINISTERIAL DIRECTIVE IN AUGUST 1976. SPC IS WITHIN THE STRUCTURE OF, AND CONTROLLED BY, THE MINISTRY OF POWER AND COAL AND NOTWITHSTANDING ITS CORPORATE NAME, IS NOT AN INDEPENDENT CORPORATE INSTITUTION.

15. SPC DOES NOT HAVE A CAPITAL STRUCTURE NOR DOES IT HAVE A BOARD OF DIRECTORS. EFFECTIVE CONTROL OVER THE OPERATIONS OF SPC IS EXERCISED BY THE MINISTER OF POWER LIMITED OFFICIAL USE

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AND COAL WITH ALL SUBSTANTIVE DECISIONS BEING MADE BY THE MINISTRY OF POWER AND COAL WHICH SETS SPC'S ANNUAL TARGETS FOR PRODUCTION, REVENUE AND EXPENDITURES AND CONTROLS ALL MAJOR STAFF APPOINTMENTS. WHILE SPC'S OPERATIONS ARE HIGHLY CENTRALIZED (WHEN COMPARED WITH THE MODE OF OPERATION OF VPC), SPC DOES HAVE A DEGREE OF AUTONOMY IN

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OPERATING THE UTILITY WITHIN THE OVERALL PLANNING AND STRUCTURE OF THE GOVERNMENT OF VIET NAM.

16. SPC HAS NO LONG-TERM DEBT OBLIGATIONS AS THE GOVERNMENT TOOK OVER THE ASSETS AND LIABILITIES OF VPC. THE ASSETS OF VPC HAVE LARGELY REMAINED AT THE DISPOSAL OF SPC, BUT SPC CANNOT BORROW OR INCUR DEBTS, APART FROM LIMITED ACCESS TO THE STATE BANK OF VIET NAM FOR SHORT-TERM LOCAL CURRENCY FUNDS.

17. THE ORGANIZATIONAL STRUCTURE OF SPC IS THAT OF A STATE COMPANY IN THAT ITS FUNDS (BOTH FIXED CAPITAL AND WORKING CAPITAL), APART FROM THE FIXED ASSETS INHERITED FROM VPC, ARE SUPPLIED BY THE STATE THROUGH ANNUAL BUDGET APPROPRIATION. AUDITS OF SPC ARE CARRIED OUT BY BOTH THE MINISTRY OF FINANCE AND THE STATE BANK OF VIET NAM WHICH EXTENDS DEVELOPMENT GRANT FUNDS FOR INVESTMENT (APPROPRIATED THROUGH THE NATIONAL BUDGET) AND SHORT-TERM LOANS.
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18. THE ADB MISSION CONSIDERS THE SENIOR STAFF OF SPC COMPETENT, MOST OF THEM BEING QUALIFIED AND EXPERIENCED ENGINEERS AND ADMINISTRATORS. THE GREAT MAJORITY OF THE GENERAL STAFF OF SPC WERE PREVIOUSLY EMPLOYED BY THE VPC. SPC CURRENTLY EMPLOYS 5,828 STAFF. OF THE TOTAL EMPLOYEES, ENGINEERS AND OTHER UNIVERSITY GRADUATES NUMBER 212. THE SLIGHTLY LARGER NUMBER OF EMPLOYEES OF SPC SINCE 1974 IS EXPLAINED BY THE FACT THAT IT NOW CONSTRUCTS AND ERECTS DEPARTMENTALLY ALL DISTRIBUTION WORKS UP TO 66 KV.

19. AT THE PRESENT TIME, SPC'S TARIFF RATES ARE THE SAME AS THOSE PREVIOUSLY CHARGED BY VPC. THE RANGE OF RATES AS OF 1 MARCH 1972 WAS BETWEEN 1.7 US CENTS PER KWH AND 3.5 US CENTS (AVERAGE 2.5 US CENTS) FOR DIFFERENT USES. IN SETTING TARIFFS, REGARD IS PAID TO THE NEED FOR SPC TO GENERATE A SURPLUS AFTER MAKING PROVISION FOR DEPRECIATION AND PAYMENT OF TAXES AND MEETING ITS OPERATIONAL AND MAINTENANCE COSTS. THE SETTING OF TARIFFS INVOLVES CONSULTATIONS BETWEEN THE STATE PLANNING COMMITTEE, THE STATE PRICE COMMITTEE AND THE MINISTRY OF POWER AND COAL.

20. GIVEN THE COMPLEXITY OF THE OPERATION OF THE DISTRIBUTION SYSTEM AND THE DIVERSITY OF THE BENEFICIARIES, BANK FEELS IT IS DIFFICULT TO QUANTIFY AND ISOLATE THE BENEFITS ATTRIBUTABLE TO THE PROJECT, AND THEREFORE, TO CALCULATE ITS INTERNAL ECONOMIC RETURN. THE MAIN BENEFICIARY OF THIS PROJECT WILL BE THE AGRICULTURAL SECTOR IN THE NORTHWEST PART OF THE METROPOLIS. ABOUT 24,000 HA. WILL BENEFIT FROM PUMPED IRRIGATION; AND WITH TWO CROPS PER YEAR, ABOUT 96,000 M.T. OF ADDITIONAL PADDY

IS ESTIMATED TO BE PRODUCED. IN ADDITION, THE ADJOINING INDUSTRIES LIKE SUGAR MILLS, LIVESTOCK, FOOD PROCESSING LIMITED OFFICIAL USE

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AND HANDICRAFTS WILL BENEFIT FROM THIS EXTENSION. PRIORITY HAS BEEN GIVEN TO HOSPITALS, SCHOOLS AND PUBLIC LIGHTING OVER DOMESTIC CONNECTIONS.

21. CONSIDERING THE FACTS THAT AS A RESULT OF THE PROJECT THERE WILL BE REDUCTION IN TRANSMISSION LOSSES, SUBSTITUTION OF SCATTERED DIESEL FOR LOWER COST RELIABLE POWER, SUBSTANTIAL INCREASE IN PADDY PRODUCTION, THE PROJECT, ACCORDING TO ADB, IS PRIMA FACIE ECONOMICALLY VIABLE. ON THE BASIS OF QUANTIFICATION OF COSTS AND DIRECT BENEFITS ATTRIBUTABLE TO THE PROJECT, THE ECONOMIC RATE OF RETURN WAS ORIGINALLY ESTIMATED TO BE 14.9 PERCENT. SINCE THE OVERALL ECONOMIC BENEFITS OF THE PROJECT HAVE IMPROVED AND COSTS HAVE NOT SUBSTANTIALLY ALTERED, THE ECONOMIC RATE OF RETURN IS NOT EXPECTED TO BE SIGNIFICANTLY DIFFERENT FROM THE ORIGINAL CALCULATIONS.

22. USADB REQUESTS NAC GUIDANCE. WESTCOTT

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Message Attributes

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Subject: REACTIVATION OF SAIGON POWER PROJECT SUMMARY: ADB MANAGEMENT IS PROPOSING TO REACTIVATE A 1972 6.3 MILLION DOLLARS SPECIAL FUND LOAN TO VIETNAM F
TAGS: EAID, EFIN, VM, ADB
To: STATE
Type: TE
vdkgvkey: odbcc://SAS/SAS.dbo.SAS_Docs/99dc428c-c288-dd11-92da-001cc4696bcc
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